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SENATE BILL 571

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Carlos R. Cisneros

AN ACT

RELATING TO ECONOMIC DEVELOPMENT; INCREASING THE LIMIT ON THE FUNDS THAT MAY BE EXPENDED BY A LOCAL GOVERNMENT PURSUANT TO THE LOCAL ECONOMIC DEVELOPMENT ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 5-10-4 NMSA 1978 (being Laws 1993, Chapter 297, Section 4, as amended) is amended to read:

"5-10-4. ECONOMIC DEVELOPMENT PROJECTS--RESTRICTIONS ON PUBLIC EXPENDITURES OR PLEDGES OF CREDIT.--

A. No local or regional government shall provide public support for economic development projects as permitted pursuant to Article 9, Section 14 of the constitution of New Mexico except as provided in the Local Economic Development Act or as otherwise permitted by law.

B. The total amount of public money expended and

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1 the value of credit pledged in the fiscal year in which that
2 money is expended by a local government for economic
3 development projects pursuant to Article 9, Section 14 of the
4 constitution of New Mexico and the Local Economic Development
5 Act shall not exceed [~~five~~] ten percent of the annual general
6 fund expenditures of the local government in that fiscal year.

7 The limits of this subsection shall not apply to:

8 (1) the value of any land or building
9 contributed to any project pursuant to a project participation
10 agreement;

11 (2) revenue generated through the imposition
12 of the municipal infrastructure gross receipts tax pursuant to
13 the Municipal Local Option Gross Receipts Taxes Act for
14 furthering or implementing economic development plans and
15 projects as defined in the Local Economic Development Act or
16 projects as defined in the Statewide Economic Development
17 Finance Act; provided that no more than the greater of fifty
18 thousand dollars (\$50,000) or ten percent of the revenue
19 collected shall be used for promotion and administration of or
20 professional services contracts related to the implementation
21 of any such economic development plan adopted by the governing
22 body;

23 (3) revenue generated through the imposition
24 of a county infrastructure gross receipts tax pursuant to the
25 County Local Option Gross Receipts Taxes Act for furthering or

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1 implementing economic development plans and projects as defined
2 in the Local Economic Development Act or projects as defined in
3 the Statewide Economic Development Finance Act; provided that
4 no more than the greater of fifty thousand dollars (\$50,000) or
5 ten percent of the revenue collected shall be used for
6 promotion and administration of or professional services
7 contracts related to the implementation of any such economic
8 development plan adopted by the governing body;

9 (4) the proceeds of a revenue bond issue to
10 which municipal infrastructure gross receipts tax revenue is
11 pledged;

12 (5) the proceeds of a revenue bond issue to
13 which county infrastructure gross receipts tax revenue is
14 pledged; or

15 (6) funds donated by private entities to be
16 used for defraying the cost of a project.

17 C. A regional or local government that generates
18 revenue for economic development projects to which the limits
19 of Subsection B of this section do not apply shall create an
20 economic development fund into which such revenues shall be
21 deposited. The economic development fund and income from the
22 economic development fund shall be deposited as provided by
23 law. Money in the economic development fund may be expended
24 only as provided in the Local Economic Development Act or the
25 Statewide Economic Development Finance Act.

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1 D. In order to expend money from an economic
2 development fund for arts and cultural district purposes or
3 cultural facilities, the governing body of a municipality or
4 county that has imposed a municipal or county local option
5 infrastructure gross receipts tax for furthering or
6 implementing economic development plans and projects, as
7 defined in the Local Economic Development Act, or projects, as
8 defined in the Statewide Economic Development Finance Act, by
9 referendum of the majority of the voters voting on the question
10 approving the ordinance imposing the municipal or county
11 infrastructure gross receipts tax before June 30, 2007 shall be
12 required to adopt a resolution. The resolution shall call for
13 an election to approve arts and cultural districts as a
14 qualifying purpose and cultural facilities as a qualifying
15 entity before any revenue generated by the municipal or county
16 local option gross receipts tax for furthering or implementing
17 economic development plans and projects, as defined in the
18 Local Economic Development Act, or projects, as defined in the
19 Statewide Economic Development Finance Act, can be expended
20 from the economic development fund for arts and cultural
21 district purposes or cultural facilities.

22 E. The governing body shall adopt a resolution
23 calling for an election within seventy-five days of the date
24 the ordinance is adopted on the question of approving arts and
25 cultural districts as a qualifying purpose and cultural

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1 facilities as a qualifying entity eligible to utilize revenue
2 generated by the Municipal Local Option Gross Receipts Taxes
3 Act or the County Local Option Gross Receipts Taxes Act for
4 furthering or implementing economic development plans and
5 projects as defined in the Local Economic Development Act or
6 projects as defined in the Statewide Economic Development
7 Finance Act.

8 F. The question shall be submitted to the voters of
9 the municipality or county as a separate question at a regular
10 municipal or county election or at a special election called
11 for that purpose by the governing body. A special municipal
12 election shall be called, conducted and canvassed as provided
13 in the Municipal Election Code. A special county election
14 shall be called, conducted and canvassed in substantially the
15 same manner as provided by law for general elections.

16 G. If a majority of the voters voting on the
17 question approves the ordinance adding arts and cultural
18 districts and cultural facilities as an approved use of the
19 local option municipal or county economic development
20 infrastructure gross receipts tax fund, the ordinance shall
21 become effective on July 1 or January 1, whichever date occurs
22 first after the expiration of three months from the date of the
23 adopted ordinance. The ordinance shall include the effective
24 date."